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Integrity Systems in Malaysian Public Sector: An Empirical Finding

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Abstract

Currently, governance in public administration has become a global issue as a result of the continuous stream of governance failures, fraud, inefficiency, corruption, and poor internal control and financial management. As such, the government of Malaysia has put an effort in term of programs and budgets in ensuring the public money being managed efficiently and with integrity. This study aims to assess the integrity systems of Malaysian Public Sector. Data were collected via questionnaires from 104 public officials from federal ministry in Malaysia. The data were collected based on the respondents' perception on twelve elements of integrity on practices in the department or agency by using seven-point Likert scale. Finding revealed that the mean score of each integrity items were above the mid-point. This has indicated that Malaysian Public Sector is serious in implementing the integrity concept in their daily management. The findings would provide further understanding for the Malaysian Public Sector to improve and enhance integrity system in the Malaysian Public Sector.

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1. Introduction

Malaysia has been a successful developing country and is forging ahead to become a developed nation in its own mould. In order to be more successful, our nation has to be managed effectively and its weaknesses and shortcomings

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have to be overcome. A major challenge it has to address in this endeavor is the strengthening of ethics and integrity. The enhancements in the governmental system, social and spiritual aspect are viewed important towards preparation of the Malaysian Vision 2020 (The Malaysian Digest, 2014). Vision 2020 is a Malaysian ideal introduced by the former Prime Minister of Malaysia, Tun Dr. Mahathir Mohamad during the tabling of the Sixth Malaysia Plan in 1991 (Mahathir, 2008). The vision calls for the nation to achieve a self-sufficient industrialised nation by the year 2020, encompasses of all aspects of life including economic prosperity, social well-being, educational world-class, political stability and balance in psychological. His lamented that this Vision 2020 could be achieved provided an annual growth of 7% (in real terms) over the thirty-year periods (1990–2020), so that the economy would be eightfold stronger than its 1990 GDP of RM115 billion. This would translate into a GDP of RM920 billion in 2020 (10th Malaysia Plan). Integrity system becomes one of the major factors that drive Malaysia's economy to the highest level and is considered to be an important element for the development of the country as well as to achieve this vision. To achieve good governance and transparency, Malaysian Government had taken many strategies to improve the quality of integrity in Malaysian public (The New Straits Times online, 2014).

The formation of the Malaysian Institute of Integrity (MII) would assist to cultivate compulsory human capital as well as a knowledge resource within the civil sector (Rusnah et al., 2011). National Integrity Plan (NIP) has been introduced in 2008 with a primary focus to mitigate corruption, misconducts and misuse of power as well as to improve efficiency and effectiveness of the public delivery system and overcome bureaucratic red tape. NIP is required due to the corruption and inefficiency of services provided by the Malaysian public sector and thus the reform and transformation of this entity is needed (Siddiquee, 1993). These reforms and transformation are deemed important to ensure the Malaysian public sector could improve the efficiency of the government system and to ensure that the execution of Government policies are implemented correctly to the public (Rusnah et al., 2011). Besides many strategies executed by the government, surprisingly, Malaysia has been graded as one of the most corrupt nation based on the current survey conducted by Ernst & Young (EY). Asia Pacific Fraud Survey Report Series 2013 indicated that Malaysia has the highest level of bribery and corruption. Amalina, Zunaidah and Ridzwana (2014) also indicate that there are a number of issues arise in Malaysian public sector that concerns accountability, integrity as well as ethical behavior activities.

Besides, Halimah, Radiah, Rohana, and Kamaruzaman (2009) indicate the function of the audit in the Malaysian public sector is barred by both understaffing as well as hampered by lack of support from the top management of the organization while the auditors at the same time infrequently extend their cooperation. Malaysian procurement is exposed the bribery and corruption due to poor communication in the code of conduct such as lack of the quality of fraud control. On top of that, the operation of the Malaysian local government has been faced with a lot of complaints that convey towards its inefficiency and ineffectiveness in its operation due to limited number of human resource (Rashidah, Mazuri, and Ahmad Munir, 2013). Local authorities as secret societies because of its low level of risk management lead to the lack of accountability and transparency, give and indicators of mismanagement over public anxiety, waste in public funds, low level of enforcement, bribery, as well as corruption in Malaysian local government (Danilah and Siti Nabiha, 2011). Improper management of public infrastructure and facilities, deteriorates the public satisfaction level also impacted to the Malaysian government accountability and integrity (Pawi et al., 2011). This study intended to assess the integrity outcomes of Malaysian Public Sector.

2. Literature Review

2.1. Malaysian Public Sector

The Malaysian Public Sector was previously known as the Malaysian Civil Service (MSC). It is divided into three tiers of government, are Federal Government, State Government and Local Government (Azleen and Nurul Nazirah, 2013). The management of public sector organization has gone through significant changes aimed at delivering better services in term of efficiency and effectiveness this is due to the emergence of global economy, advances in technology, increased societal demands, and the need to provide more social services with fewer resources suggests that the role of government managers becoming more challenging than before. Given this new demand, studies have suggested the approaches used in the private sector to be adopted in the public sector in improving efficiency and effectiveness of its performance. This demand for improvement in the service provision by

the recipients of public services signifies a distinct and powerful pressure for change (Carmeli & Cohen, 2001). Subsequently, many public sector organizations worldwide are devoting time, money and attention to satisfy multiple stakeholder' expectation through the application of private sector management technique and process. The managers of public sector organization are challenged to place high emphasized on customer focused strategies in delivering service to their stakeholders. The aim is to demonstrate that there have been improvement in performance and goal and objective are being achieved.

2.2. Integrity System

Integrity refers to the extent to which a trustee is perceived to adhere to a set of acceptable principles (Mayer et al., 1995). It is also a cognitive indicator of trustworthiness and contributes to cognition-based trust (Dirks and Ferrins, 2001). Whitener et al. (1998) indicate that integrity is conceived as employees' perceptions of their managers' pattern of word-deed alignment and forms the foundation of a trusting relationship between leaders and followers. Aulich (2011) states the issues of integrity in public administration are usually connected to means of dealing with corruption, wrongdoing as well as misappropriation with the intention to create a culture of ethical behaviour among all partakers in the political-administrative system. Eventually, the thing that has become very clear to many commentators is the system itself. In other words, its view has now become increasingly seen as one of the most effective ways to foster this ethical culture (Aulich, 2011). The integrity issues have become one of the major problems in public service organizations. Escaleras, Lin and Register (2009) stated that the cases of corruption in the public sector for example have become too common in this industry. Salminen and Mäntysalo (2013) stated that, in Western countries, the public sector manager functions with contrary values and at the same time within a varying environment. The managers in public sectors are expected to perform decisions that are able to generate the best results.

In fact, issues on public service quality are also highly related to public integrity. The reason is because, the public integrity itself acts as an indicator towards the quality of acting in accordance with the moral values, norms and rules that is accepted by the politics and public bodies. Besides that, in an effort for Malaysia to become a high income and developed nation to meet the expectations of Vision 2020, the Malaysian Public Service continues to redefine itself during challenging times. Through the implementation of various programs such as One Malaysia, National Blue Ocean, the Malaysian Public Sector continually, work together in promoting the integrity in Malaysian Public Sector. Over the last two decades, the government has implemented the Prime Minister's Directive, which aims to enhance integrity of the management in government administration through the setting up of the Integrity Management Committee in all ministries, departments and agencies of the Federal Government as well as the State Governments towards strengthening integrity. Meanwhile, in 2008, the NIP has been introduced with the overall objective to fulfill the fourth challenge of Vision 2020, objectively to establish a fully moral and ethical society whose citizens are strong in religious and spiritual values and imbued with the highest ethical standards. Corporate integrity becomes one of the important mechanisms in developing a concrete foundation for the country's present and forthcoming economic prosperity.

3. Methodology

3.1. Sample

This study, conducted among the departments and agencies under the Federal Ministry in Malaysia. The respondent is the one who involved in the management of the department could from top, middle, or the equivalent level as the representative department. Total of 210 sets of questionnaires were distributed to the 24 ministries through mail and email. Before sending out questionnaires, numerous telephone calls were made to get the names, their -full addresses and the respective person in the Federal Government. Explanation and instruction of each part of the questionnaires were provided to ensure respondent able to understand the questionnaire. The questionnaire was pre-tested and refined for content validity to improve its quality and was distributed based on randomly selected sample. 104 set of questionnaires were received, represents 49.5% of the response rate. The response rate indicates that it is able to make a general statement and is valid to represent the sample population of the Malaysian Public

Sector. Baines and Langfield-Smith (2003) indicate that such response rate (i.e., 25%) is now common in accounting research and is considered sufficient for statistical analysis and inferences

3.2. Variable measurement

There are two sections of the questionnaires. Section A is demographic information consists of gender, age, job position, level of education and number of services in the public sector. Meanwhile section B is seeking information on the Integrity system of Malaysian Public Sector using seven-point Likert-type rating scale ranging from 1 (strongly disagree) to 7 (strongly agree) including 0 (not applicable). The items for each variable included in this study have been adapted with some modification from the Corporate Integrity Assessment Questionnaire from MII. This assessment questionnaire developed by the MII, which intended as a developmental tool in assessing the effectiveness of corporate integrity and ethics system in the Malaysian public sector. The items under these variables are as per Table 1:

Table 1. Integrity System

Code	Description of items
IS1	My department frequently benchmarked for its ethics and integrity.
IS2	My department considered that managing ethically is an essential leadership competency.
IS3	My department fully integrate the ethics and integrity aspect into all organizational operations.
IS4	My department provides concrete guidance for its ethic and integrity and how to address them.
IS5	My department can easily identify ethical leaders among top managers.
IS6	My department has policies and guidelines for discipline and reward on its ethic & integrity are regarded as best practice.
IS7	My department publishes annual reports about ethics and integrity
IS8	My department respects the confidentiality of the ethics advisory process at all levels of the organization.
IS9	My department formally evaluated its ethics training for effectiveness and is constantly updated and improved.
IS10	My department promotes transparency in connection with all of its activities.
IS11	My department's supervisors and managers receive ethic and integrity training on how to recognize and prevent retaliation.
IS12	My department supports and assists other organizations in their ethic and integrity initiatives.

4. Finding

4.1 Demographic information

Table 2. Demographic information

	Frequency	Percent
Gender		
Male	56	53.8
Female	48	46.2
Age		
Under 30 years	11	10.6
30 to 40 years	74	71.2
41 to 50 years	13	12.5
51 years and above	6	5.8
Job position		
Top management	3	2.9
Management and professional	96	92.3
Support staff	5	4.8
Level of education		
Diploma	20	19
University Degree/ Master/ PHD	84	81
Year of services in public sector		
Less than 1 year	2	1.9
1 to 3 years	5	4.8
4 to 5 years	9	8.7
5 years and above	88	84.6

Table 2 shows the company demographic information consisting of gender, age, job position, level of education and number of services in the public sector. Male respondents represent 53.8%, meanwhile female respondents

represent 46.2%. Most of respondents are between 30 to 40 years (71.2%) followed by 41 to 50 years, Under 30 years and 51 years and above with 12.5%, 10.6% and 5.8% respectively. Table 2 indicates that 96 (92.3%) are management and professional, whereas top management and support staff are 2.9% and 4.8% respectively. Respondents with qualification such as University Degree/ Master/ PHD constituted to 81%, meanwhile only 20 respondents are diploma holder. On the other hand, the frequency of the year of services in public sector represents 84.6% (5 years and above). The remainder is less than 5 years.

4.2 Descriptive analysis on Integrity System

Table 3. Descriptive analysis on Integrity System

Rank	Items	Min	Max	Mean	Std. Deviation	Variance
IS2	My department considered that managing ethically is an essential leadership competency.	2	7	5.6	1.111	1.233
IS3	My department fully integrate the ethics and integrity aspect into all organizational operations.	2	7	5.43	1.18	1.393
IS4	My department provides concrete guidance for its ethic and integrity and how to address them.	3	7	5.38	1.185	1.404
IS10	My department promotes transparency in connection with all of its activities.	3	7	5.38	1.2	1.441
IS5	My department can easily identify ethical leaders among top managers.	2	7	5.37	1.138	1.294
IS8	My department respects the confidentiality of the ethics advisory process at all levels of the organization.	2	7	5.25	1.221	1.49
IS12	My department supports and assists other organizations in their ethic and integrity initiatives.	1	7	5.24	1.317	1.735
IS6	My department has policies and guidelines for discipline and reward on its ethic & integrity are regarded as best practice.	2	7	5.23	1.214	1.475
IS1	My department frequently benchmarked for its ethics and integrity.	2	7	5.22	1.198	1.436
IS9	My department formally evaluated its ethics training for effectiveness and is constantly updated and improved.	2	7	5.17	1.197	1.433
IS11	My department frequently benchmarked for its ethics and integrity.	2	7	5.13	1.351	1.826
IS7	My department publishes annual reports about ethics and integrity	1	7	4.46	1.594	2.542

Table 3 shows the findings for integrity system variable. The highest score is IS2 (My department considered that managing ethically is an essential leadership competency) with mean score of 5.6 (std. dev.= 1.111). The least mean score is IS7 (My department publishes annual reports about ethics and integrity) with mean score of 4.46 (std. dev.= 1.594). This finding indicates that public sector agreed that by managing ethically is an essential leadership competency. The findings also revealed that most of the items are rated for more than average, it indicates that the Malaysian public sector is serious in implementing and cultivating the integrity system in Malaysian public sector.

5. Conclusion

This study intended to assess the integrity outcomes of Malaysian Public Sector. The findings has provided evident on the level of integrity outcomes of Malaysian Public Sector. The average score for each integrity system were all above mid-points indicating Malaysian Public Sector are serious in promoting integrity system; Managing ethically is an essential leadership competency; Fully integrate the ethics and integrity aspect into all organizational operations; Provides concrete guidance for its ethic and integrity and how to address them; Promotes transparency in connection with all of its activities; Identify ethical leaders among top managers; Respects the confidentiality of the ethics advisory process at all levels of the organization; Supports and assists other organizations in their ethic and integrity initiatives; Policies and guidelines for discipline and reward on its ethic & integrity are regarded as best practice; Frequently benchmarked for its ethics and integrity; Formally evaluated its ethics training for effectiveness and is constantly updated and improved; Frequently benchmarked for its ethics and integrity; Publishes annual reports about ethics and integrity. Thus, since the Malaysian Public Sector are well promoting the integrity system in the government sector, this will embedded trust on the public for the better way of the government in managing the public funds and government matters.

The study is not without limitations. First, to measure the integrity level respondents were asked to rate

subjectively on a seven-point Likert scale listed in the questionnaire. Those evaluations will subject to personal bias and judgment errors. Thus, future research should include data collection from multiple sources, such as integrity report of Malaysian Public Sector which can be a tool of balance check between the respondents and the actual result. Second, the study provides a cross-sectional picture at a single point in time. The recommendations are applicable only if external variables remain unchanged. External variables could be economic, rules and policies, culture, environment and others. The finding also may be useful to provide consciousness to the citizens to adopt good governance in many ways in order to ensure the integrity environment of the organizations. In addition, this research could contribute in assessing the existing governance tools and elements whether it is work in the public sector. Thus, managing the organisations with the elements of good governance is crucial so as to analyse whether or not the Malaysian public sector are performing at their best integrity level or otherwise.

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